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SIPDIS

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SUBJECT: FINNS FIND PUTIN "FRUSTRATED, ANXIOUS"

REF: HELSINKI 1221

Classified By: POL Chief John Hall, for reasons 1.4(B) and (D)

Summary

1. (C) Finnish President Tarja Halonen's most recent meeting with Vladimir Putin left the Finns with the clear impression that the Russian president is feeling frustrated and anxious.

He complained at length to Halonen that Russia has been misunderstood and mistreated by the West, with an implicit accusation that the U.S. is fostering regime change in the near abroad with political cover from the EU. Former PM Paavo Lipponen, after discussing the meeting with Halonen, described to the Ambassador his own sense that the Russians feel under pressure on their perimeter, at least in the Baltic and Caucasus; Lipponen advises that the U.S. and EU stand firm on principle, as always, but "bear in mind that Putin feels very uncomfortable right now."

2. (C) In contrast to the negative vibrations on international issues, Putin was upbeat about cooperation with Finland, promising to assist with the regional and bilateral issues of greatest interest to the Finns. This is especially important to the GoF domestically, given recent charges by local critics that Halonen and the Vanhanen government are not capable of managing the relationship with Russia. Lipponen in particular was happy with Putin's positive response regarding the Northern Dimension, which the GoF believes needs some serious restructuring. End Summary.

The down side: Russia treated poorly by the West

3. (C) Presidents Halonen and Putin meet roughly once a year to discuss bilateral and EU issues. The most recent meeting took place in St. Petersburg on December 14. We have since had read-outs from several different sources here. Parliament Speaker (and former PM) Paavo Lipponen discussed the summit with Halonen, and passed along his sense of how things had gone in a December 17 conversation with the Ambassador. In addition, we spoke with Jarmo Viinanen of Halonen's staff and MFA Russia unit director Olli Perheentupa.

4. (C) The meeting, we are told, went well on bilateral issues. Putin did not repeat or refer to recent Finland-bashing from officials such as EU advisor Yastrzhembskiy, who had claimed that Finland belongs to the EU's Russophobe camp. Halonen was able to raise the questions most urgent for the GoF right now (paras 9-12, below), and the two presidents together reaffirmed publicly that relations are good. That statement, and the evidence that the relationship is operating normally in most areas, helps defend Halonen and the government of PM Matti Vanhanen against local critics who have charged that Finland's leaders don't know how to manage relations with Russia.

5. (C) Our Finnish interlocutors tell us that in the meeting itself, Putin seemed (in Viinanen's words) "frustrated, stressed, and anxious" -- both about slowness within his own bureaucracy and about Russia's relations with the West. Putin had declined to set a specific agenda for the conversation; instead, he spent much of the time complaining, with the general theme that Russia has been misunderstood and mistreated.

-- According to Viinanen, Putin had critical words for U.S. support of the Saakashvili government in Georgia, which came to power "in an illegal way." Although he spoke elliptically, he seemed to imply that the United States was actively fostering regime change in Russia's near abroad, with the EU providing political cover. He seemed to include Ukraine in this, although he did not dwell on events there.

-- On Chechnya, Putin said he was sick and tired of being told there must be a political solution. He went to great lengths to describe what Russia has done to bring about such a solution, and said that if he could just find someone with whom he could fashion an agreement -- someone who accepted that Chechnya will always be a part of Russia -- he would do so.

-- Putin sharply criticized the EU's decision to cancel the

GSP status that had been applied to its aluminum exports. This was particularly unjust given that Russia had recently signed the Kyoto protocol and extension of the PCA, both steps ardently sought by the EU.

-- "He spoke at length on seemingly irrelevant issues," added Viinanen. The Finns had not intended to raise the issue of Karelia, but Putin did, saying that if the Finnish/Russian border, fixed at the end of World War II, were to be revised, then other borders in Eastern Europe could be challenged as well.

16. (C) MFA Russia chief Perheentupa commented to us that disputes like Russia's GSP status will inevitably mark any trade relationship. Still, he had a sense that "Putin is in a state of mind where he can't decide what to do. He goes from one summit to the next, just reacting to the outside world, not moving forward according to any strategy or vision."

17. (C) Former PM Lipponen (who remains head of Finland's SDP) discussed the visit with Halonen and afterward assessed the meeting in a conversation with the Ambassador. Lipponen said that the Russians feel under pressure on their perimeter, at least in the Baltic and Caucasus areas, and Halonen is concerned about what this might portend. For his own part, Lipponen said, his advice to partners on both sides of the Atlantic would be to stand firm on principle, as always, but "bear in mind that Putin feels very uncomfortable right now," especially with regard to Western involvement in the Caucasus.

The up side: regional/bilateral issues

18. (C) Putin was for the most part upbeat and cooperative on the regional and bilateral issues Halonen felt most important to Finland:

19. (C) Northern Dimension: Lipponen told the Ambassador that he was particularly pleased with the Halonen-Putin discussion of the EU's Northern Dimension (ND), toward which the former Finnish PM still feels a strong proprietary interest. Perheentupa described to us the challenges as the GoF sees them. On the EU side, now that the ND is an official part of EU foreign policy all documents related to it are EU documents, which makes progress more cumbersome; moreover, practically speaking, Finland and Sweden are the only two EU nations still interested in the ND. On the Russian side, Moscow has been reluctant to participate in the second action plan (which will expire in 2006, during the Finns' EU presidency). A third action plan seems unlikely; instead the Finns are casting about for a way to re-define the ND that engages more EU states and makes Russia (in Perheentupa's words) "an almost equal partner."

110. (C) We are told that Putin readily accepted the idea of restructuring. Hearing that a mid-level Finnish delegation would be at the Russian foreign ministry on December 17 for further discussions, Putin said he would instruct MFA to be responsive. He was as good as his word: the Finnish delegation was received at a higher level than expected and found the ministry quite willing to cooperate.

111. (C) Saimaa Canal: This canal, which links the Saimaa lake district with the Gulf of Finland, was built a century ago, when Finland was a Russian Grand Duchy. The post-World War II boundaries placed most of the canal within the USSR. In 1963, Finnish President Kekkonen negotiated a fifty-year agreement on Finland's use of the canal to continue maritime access to Finland's extensive navigable eastern lake district. At the time, says Perheentupa, it was largely a political agreement, but the canal has since become quite important to Finnish forestry companies, who need to know whether the agreement will be renewed in 2013 so that they can plan for alternatives if necessary. To date little negotiating progress has been made, with money being the core issue: "We think we should pay according to real costs," said Perheentupa dryly. "The Russians think we should pay as much as we can afford." Halonen raised this with Putin, who said that he would speak to the Ministry of Transportation. The current goal is to give the Finnish and Russian Prime Ministers a progress report when they have their own next meeting, in May or June 2005.

112. (C) Russia, Finland, and the EU: Russia's relations with the EU continue to crop up on the bilateral agenda. The Russians have told the Finns repeatedly that they expected more sympathy and support from Finland within the EU than they have gotten. In particular, Perheentupa said, Putin has the mistaken idea that Finland black-balled Moscow's proposal for visa-free travel between Russia and the Schengen area. In fact, we are told, the GoF supports gradual visa facilitation as a way to move toward eventual lifting of the visa requirement. Finland does not object to that eventual goal, as long as the progress toward it is reciprocal.

Looking forward to Finland's EU presidency

113. (C) According to Perheentupa, Putin reiterated to Halonen what the Russians have said repeatedly in recent months: that Moscow attaches great hopes to the Finnish EU presidency. For their part, our interlocutors say, the Finns are no happier with Russians' policies toward the EU than is Putin with the EU's policies toward Russia. To address this, the Finns want to intensify the dialogue in preparation for July 2006, and they expect to be able to do so: "Finland is not a great power, like the UK, Germany, or France," commented Perheentupa, "but we have long experience in dealing with Russia."
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